

110TH CONGRESS
1ST SESSION

S. 1805

To amend the National Housing Act to increase the mortgage amount limits applicable to housing insured by FHA mortgage insurance.

IN THE SENATE OF THE UNITED STATES

JULY 17, 2007

Mr. SCHUMER introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the National Housing Act to increase the mortgage amount limits applicable to housing insured by FHA mortgage insurance.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “FHA Loan Limit Ad-
5 justment Act of 2007”.

6 **SEC. 2. MAXIMUM PRINCIPAL LOAN OBLIGATION.**

7 Paragraph (2) of section 203(b) of the National
8 Housing Act (12 U.S.C. 1709(b)(2)) is amended—

9 (1) by striking subparagraphs (A) and (B) and
10 inserting the following new subparagraphs:

1 “(A) not to exceed the lesser of—

2 “(i) in the case of a 1-family resi-
3 dence, the median 1-family house price in
4 the area, as determined by the Secretary;
5 and in the case of a 2-, 3-, or 4-family resi-
6 dence, the percentage of such median
7 price that bears the same ratio to such me-
8 dian price as the dollar amount limitation
9 in effect under section 305(a)(2) of the
10 Federal Home Loan Mortgage Corporation
11 Act (12 U.S.C. 1454(a)(2)) for a 2-, 3-, or
12 4-family residence, respectively, bears to
13 the dollar amount limitation in effect
14 under such section for a 1-family resi-
15 dence; or

16 “(ii) the dollar amount limitation de-
17 termined under such section 305(a)(2) for
18 a residence of the applicable size;

19 except that the dollar amount limitation in ef-
20 fect for any area under this subparagraph may
21 not be less than the greater of (I) the dollar
22 amount limitation in effect under this section
23 for the area on October 21, 1998, or (II) 65
24 percent of the dollar limitation determined

1 under such section 305(a)(2) for a residence of
 2 the applicable size; and

3 “(B) not to exceed the appraised value of
 4 the property, plus any initial service charges,
 5 appraisal, inspection, and other fees in connec-
 6 tion with the mortgage as approved by the Sec-
 7 retary.”;

8 (2) in the matter after and below subparagraph
 9 (B), by striking the second sentence (relating to a
 10 definition of “average closing cost”) and all that fol-
 11 lows through “title 38, United States Code”; and

12 (3) by striking the last undesignated paragraph
 13 (relating to counseling with respect to the respon-
 14 sibilities and financial management involved in
 15 homeownership).

16 **SEC. 3. MULTIFAMILY HOUSING MORTGAGE LIMITS IN**
 17 **HIGH COST AREAS.**

18 The National Housing Act is amended—

19 (1) in sections 207(c)(3), 213(b)(2)(B)(i),
 20 221(d)(3)(ii)(II), 221(d)(4)(ii)(II), 231(c)(2)(B),
 21 and 234(e)(3)(B) (12 U.S.C. 1713(c)(3),
 22 1715e(b)(2)(B)(i), 1715l(d)(3)(ii)(II),
 23 1715l(d)(4)(ii)(II), 1715v(c)(2)(B), and
 24 1715y(e)(3)(B))—

1 (A) by striking “140 percent” each place
2 such term appears and inserting “170 percent”;
3 and

4 (B) by striking “170 percent in high cost
5 areas” each place such term appears and in-
6 serting “215 percent in high cost areas”; and

7 (2) in section 220(d)(3)(B)(iii)(III) (12 U.S.C.
8 1715k(d)(3)(B)(iii)(III)) by striking “206A” and all
9 that follows through “project-by-project basis” and
10 inserting the following: “206A of this Act) by not to
11 exceed 170 percent in any geographical area where
12 the Secretary finds that cost levels so require and by
13 not to exceed 170 percent, or 215 percent in high
14 cost areas, where the Secretary determines it nec-
15 essary on a project-by-project basis”.

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